

COUNTY OF SAN BERNARDINO

The Board of Supervisors will hear presentations on the 2004-05 Proposed Budget on May 24 - 26, 2004. This budget covers the period from July 1, 2004 – June 30, 2005. Each department is responsible for operating within their budget and has the authority to spend up to the approved budget amount.

The County of San Bernardino's 2004-05 Proposed Budget consisting of the general fund, capital project funds, special revenue funds, and enterprise funds has a total appropriation of \$2.7 billion.

When developing their individual budgets, each department considers the following mission, vision, and value statements of the County of San Bernardino:

Mission Statement

The mission of the government of the County of San Bernardino is to satisfy its customers by providing service that promotes the health, safety, well being, and quality of life of its residents according to the County Charter, general laws, and the will of the people it serves.

Vision Statement

Our vision is to create a safe, clean, and healthy environment that appeals to families and individuals, and attracts the best in business and industry. We will create, support, and enhance vibrant communities that emphasize beauty, culture, art, recreation, education, and a sense of history.

VALUES Statement

To achieve our Vision, we dedicate ourselves to these values:

- **V**aluing our workforce by providing recognition, training and education, opportunities for customer service and career development, a safe and healthy work environment and fair compensation.
- **A**ppreciation and promotion of the diverse cultures that comprise our workforce and the communities we serve.
- **L**eadership by coordinating regional planning through collaboration with local communities and businesses.
- **U**nquestioned integrity that embraces a culture of honor and trustworthiness.
- **E**xcellence in the development of efficient and cost-effective strategies to improve customer service in an atmosphere that allows and encourages new ideas.
- **S**ervice of the highest quality to our customers delivered with dignity and respect.



General Fund Budget Process

The County Administrative Office has the responsibility of developing the county financing plan for all general fund departments. The 2004-05 financing plan includes \$372.1 million in ongoing discretionary revenue. This revenue is comprised of property taxes, vehicle license fees, interest on the county investment pool, sales tax, and other taxes. Mandatory costs such as previously negotiated salary increases, previous year's Board approved costs, and other mandated costs are first financed by the discretionary revenue. After the mandatory costs are financed, the remaining unallocated discretionary revenue is presented to the Board of Supervisors during the budget workshop for approval of distribution.

This year, the County Administrative Office incorporated a reduction plan into the general fund departmental local cost allocations. This action was taken as a means to better position the county for the impacts of the State budget, which, when presented in January depicted an ominous picture for local government, especially counties. Most general fund departments receiving local cost were affected by the reductions; however, departmental mandated costs were exempted. For most departments, the reduction percentage was 9% of local cost, however, for various law and justice departments the percentage reduction was 4%.

In 2004-05, the amount of unallocated discretionary revenue and other financing sources, including Tobacco Settlement proceeds, is \$86.1 million (\$31.5 million ongoing and \$54.6 million one-time). This amount does not include any of the county's reserves. A portion of this unallocated discretionary revenue will be needed to address the actual impacts to the county based on the adoption of the State budget.

A budget workshop will be held on May 24 – 26, 2004, to discuss each department's proposed budget. Each department submitted a proposed budget based on the general fund financing amount allocated to them and their own departmental revenues. Departments also requested funding for those workload and program changes that were unable to be financed in their proposed budget.

Any budgetary changes the Board of Supervisors approve at the budget workshop will be incorporated in the 2004-05 budget that will be presented to the Board during the Budget and Fee Hearing beginning June 14, 2004, at 1:30 in the Board Chambers.

This hearing is held to obtain public input on the county budget and fee ordinance changes and to obtain additional Board changes to incorporate into the 2004-05 final budget.

Other Funds Budget Process

In addition to the general fund, the County of San Bernardino has capital project funds, special revenue funds, enterprise funds, and internal service funds. All of these funds are restricted to the revenue sources they receive. Each department having these types of funds is responsible for developing its budget based on the revenue resources available to them. These resources include projected revenue to be collected in 2004-05 and any revenue not spent and carried forward from prior years (for example, fund balance for special revenue funds). These budgets will also be discussed during the budget workshop and Budget and Fee Hearing.

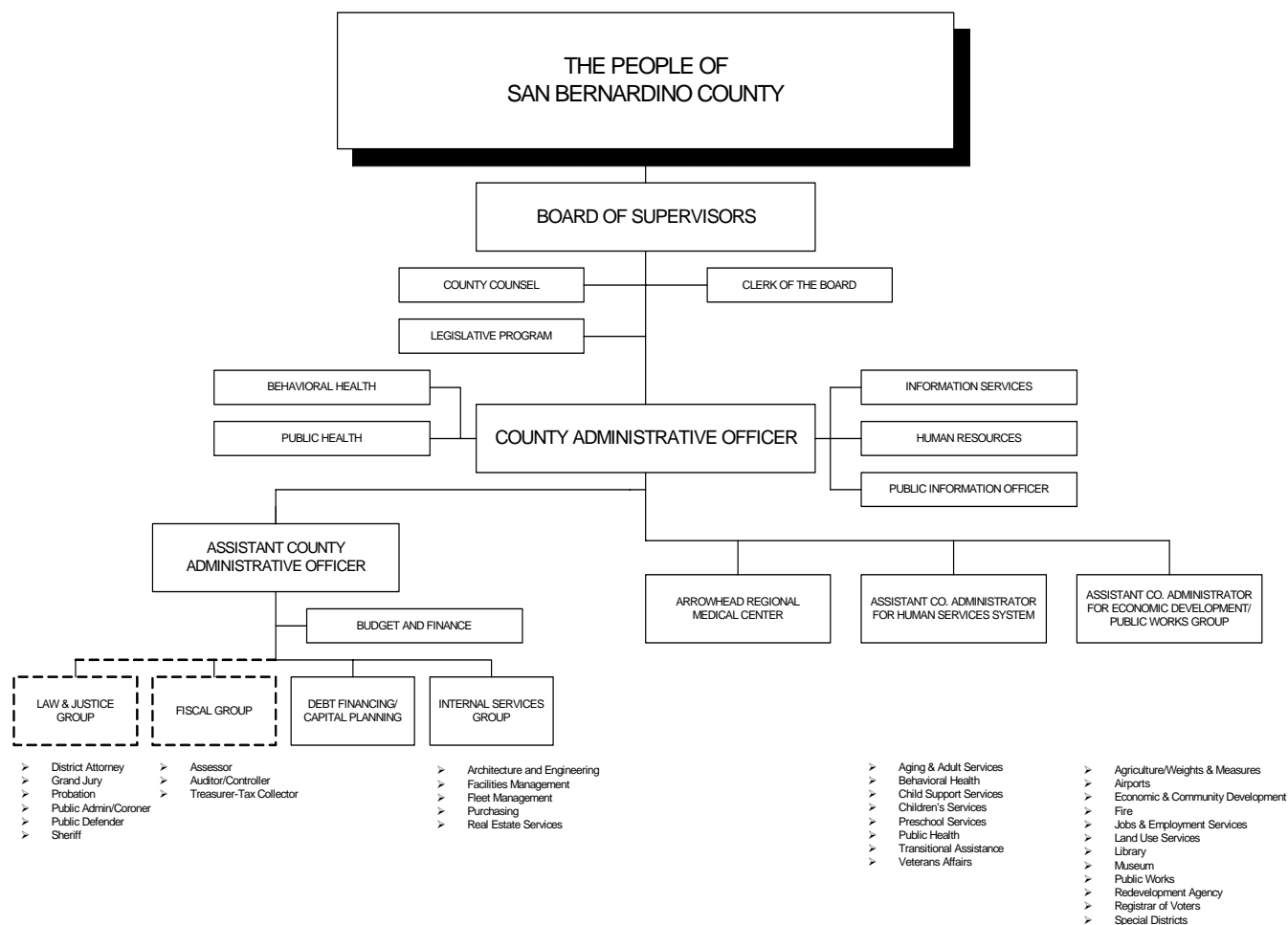


Proposed Budget Workbook Format

The County of San Bernardino's 2004-05 Proposed Budget is presented in this book based on the County Organizational Structure, which is depicted below. The Administrative/Executive Group is those departments that report directly to the Board of Supervisors or those departments that report directly to the County Administrative Office. This group performs functions related to the overall support of the county.

Budget units presented in this book are displayed at a fund/department level. Although some departments incorporate the organizational level (ORG) when developing their budgets, the fund/department level of presentation was selected to provide consistency between all budget units. A sample of the departmental budget format is shown on pages 4 – 8 of this Preface. This sample further shows and explains how each budget unit is presented in the book.

A list of Proposed Budget Definitions is provided on pages 9 – 13 of this Preface. This listing defines budget terms commonly used throughout the budget workbook.



Revised May 2004



**DEPARTMENT
DEPARTMENT HEAD**

The department name and responsible administrator are listed at the top.

MISSION STATEMENT

ORGANIZATIONAL CHART

Departments that have multiple budget units will have a summary at the front that lists the individual budget units and proposed budget figures for 2004-05 that they are responsible for.

	2004-05				
	Operating Exp/ Appropriation	Revenue	Local Cost	Rev Over(Under) Exp/ Fund Balance	Staffing
Budget #1				-	
Budget #2				-	
Budget #3			-		
Total	-	-	-	-	-

DESCRIPTION OF MAJOR SERVICES

Description of Major Services provides a narrative describing the function and activity of the budget in question.

BUDGET & WORKLOAD HISTORY

	Actual 2002-03	Budget 2003-04	Estimated 2003-04	Department Request 2004-05
Total Appropriation				
Total Revenue				
Local Cost				
Budgeted Staffing				
<u>Workload Indicators</u>				
Workload Indicator #1				
Workload Indicator #2				

Budget & Workload History provides a historical overview of the budget unit, including prior year actuals, the current year adopted budget and year-end estimates, and the department requested budget for next fiscal year.

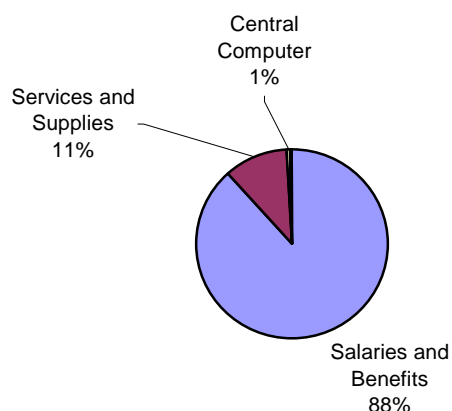
It also includes budget and actual information related to measurements of workload, called Workload Indicators.

For those departments that have significant variances between budget and estimates in 2003-04, there will be an explanation of why this occurred. The 2003-04 Budget is the original budget adopted in late June and does not reflect any mid year changes approved by the Board during the fiscal year. In many cases, this is why there are variances between budget and estimates in 2003-04.

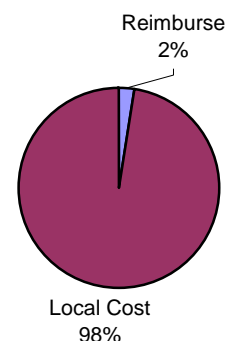


2004-05 BREAKDOWN BY EXPENDITURE AUTHORITY

2004-05 BREAKDOWN BY FINANCING SOURCE



These graphs display a visual picture of the budget unit's breakdown of expenditure authority and financing sources for 2004-05.



The header shows which budget you are looking at and lists the Function and Activity that tie this page to the summary financial schedules prepared by the Auditor's Office.

GROUP: -
DEPARTMENT: -
FUND: -

BUDGET UNIT: -
FUNCTION: -
ACTIVITY: -

ANALYSIS OF 2004-05 BUDGET

	A	B	C	D	E	B+C+D+E F	G	F+G H
	2003-04 Year-End Estimates	2003-04 Final Budget	Cost to Maintain Current Program Services (Schedule A)	Board Approved Adjustments (Schedule A)	Impacts Due to State Budget Cuts (Schedule B)	Board Approved Base Budget	Department Recommended Funded Adjustments (Schedule C)	2004-05 Proposed Budget
Appropriation								
Salaries and Benefits	-	-	-	-	-	-	-	-
Services and Supplies	-	-	-	-	-	-	-	-
Central Computer	-	-	-	-	-	-	-	-
Other Charges	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-
Improvement to Land	-	-	-	-	-	-	-	-
Improvement to Structures	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-
L/P Structures	-	-	-	-	-	-	-	-
L/P Equipment	-	-	-	-	-	-	-	-
L/P Vehicles	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Contingencies	-	-	-	-	-	-	-	-
Total Exp Authority	-	-	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-	-	-
Total Appropriation	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-
Total Requirements	-	-	-	-	-	-	-	-
Departmental Revenue								
Taxes	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-
Use Of Money and Prop	-	-	-	-	-	-	-	-
State, Fed or Gov't Aid	-	-	-	-	-	-	-	-
Current Services	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-
Other Financing Sources	-	-	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-	-	-
Total Financing Sources	-	-	-	-	-	-	-	-
Local Cost	-	-	-	-	-	-	-	-
Budgeted Staffing	-	-	-	-	-	-	-	-

This section provides a summary overview of how the budget is formed starting with current year adopted budget and how the budget incrementally progresses with other Board approved changes.

2003-04 Year-End Estimates are included for informational purposes. From left to right following the 2003-04 Year-End Estimates are: 2003-04 Final Budget; the Cost to Maintain Current Program which include non-discretionary budget changes, such as changes due to legal requirements or salary negotiations; Board Approved Adjustments which include Board approved changes to the base budget; and Impacts Due to State Budget Cuts which include reductions needed by departments to meet proposed state impacted reductions in county general fund financing. These are totaled in the Board Approved Base Budget column.

The next column continues this budget analysis by providing Department Recommended Funded Adjustments. This column includes program changes and requests to the existing base budget.



DEPARTMENT: -
 FUND: -
 BUDGET UNIT: -

SCHEDULE A

MAJOR CHANGES TO THE BUDGET

	Budgeted Staffing	Appropriation	Departmental Revenue	Local Cost
2003-04 FINAL BUDGET	-			-
Cost to Maintain Current Program Services		Schedule A provides a summary of the budget unit's activity.		
Salaries and Benefits Adjustments	-			-
Internal Service Fund Adjustments	-			-
Prop 172	-			-
Other Required Adjustments	-			-
Subtotal	-	Beginning with the final budget of the prior year, adding in the components of Board approved adjustments, such as local cost allocations to maintain current program services and mid-year adjustments; summarizing state impacts, if any; and summarizing department recommended funded adjustments, if any. The final line represents a total proposed budget.		-
Board Approved Adjustments During 2003-04				
30% Spend Down Plan	-			-
Mid-Year Board Items	-			-
Subtotal	-			-
Impacts Due to State Budget Cuts	-			-
TOTAL BASE BUDGET	-			-
Department Recommended Funded Adjustments	-	If there is no information provided in Columns C & D of the Analysis, this schedule is omitted		-
TOTAL 2004-05 PROPOSED BUDGET	-			-

SCHEDULE B

DEPARTMENT: -
 FUND: -
 BUDGET UNIT: -

IMPACTS DUE TO STATE BUDGET CUTS

Brief Description of State Budget Cuts	Budgeted Staffing	Appropriation	Departmental Revenue	Local Cost
(Program Reduction)	-	Schedule B provides a listing of reductions the department was required to take in order to meet their local cost allocation.		-
(Explanation of Program Reduction, include impacts)	-			-
(Program Reduction)	-	Individual reductions are listed with explanations in order to provide the reader with the total picture caused by the impact of state budget reductions.		-
(Explanation of Program Reduction, include impacts)	-			-
(Program Reduction)	-			-
(Explanation of Program Reduction, include impacts)	-			-
(Program Reduction)	-			-
(Explanation of Program Reduction, include impacts)	-	If there is no information provided in Column E of the Analysis, this schedule is omitted.		-
(Program Reduction)	-			-
(Explanation of Program Reduction, include impacts)	-			-
(Program Reduction)	-			-
(Explanation of Program Reduction, include impacts)	-			-
Total	-	-	-	-



DEPARTMENT: -
 FUND: -
 BUDGET UNIT: -

SCHEDULE C

DEPARTMENT RECOMMENDED FUNDED ADJUSTMENTS

Brief Description of Program Adjustment	Budgeted Staffing	Appropriation	Departmental Revenue	Local Cost
1. Description Explanation				-
2. Description Explanation				-
3. Description Explanation				-
4. Description Explanation				-
5. Description Explanation	-	-	-	-
6. Description Explanation	-	-	-	-
Total				-

Schedule C provides the reader with a description and explanation of proposed changes the department desires to implement in the coming year.

The Board has not previously approved these adjustments.

If there is no information provided in Column G of the Analysis, this schedule is omitted.

DEPARTMENT: -
 FUND: -
 BUDGET UNIT: -

SCHEDULE D

POLICY ITEM REQUESTS

Ranking	Brief Description of Policy Item	Budgeted Staffing	Appropriation	Departmental Revenue	Local Cost
	Policy Item (explanation of policy item, include impacts).				-
	Policy Item (explanation of policy item, include impacts).				-
	Policy Item (explanation of policy item, include impacts).				-
	Policy Item (explanation of policy item, include impacts).				-
	Policy Item (explanation of policy item, include impacts).				-
Total				-	-

Schedule D lists the department's requests for policy items, which are currently not included in their proposed budget request.

These items may include the restoration of staffing or programs due to the impacts of the state budget or may request approval for new programs not currently funded.

If the department is not requesting any policy items, then this schedule is omitted.



SCHEDULE E

DEPARTMENT: -
 FUND: -
 BUDGET UNIT: -

FEE REQUEST SUMMARY

Brief Description of Fee Request	Budgeted Staffing	Appropriation	Departmental Revenue	Local Cost
Fee Request (explanation of fee request, include impacts).	<p>Schedule E summarizes the fee adjustments requested by the department. These adjustments may include new fees, changes to existing fees, or deletion of existing fees.</p> <p>Fees requests are not incorporated into the budget until approved by the Board of Supervisors during the budget and fee hearing.</p> <p>If the department is not requesting any fee adjustments, then this schedule is omitted.</p>			
Fee Request (explanation of fee request, include impacts).				
Fee Request (explanation of fee request, include impacts).				
Fee Request (explanation of fee request, include impacts).				
Total	-	-	-	-



PROPOSED BUDGET DEFINITIONS

30% Cost Reduction Plan: The 30% Cost Reduction Plan, approved by the Board on September 23, 2003, that provides cost saving measures for discretionary income. This action was the second phase of reductions from these Plans. The first series of reductions occurred on January 28, 2003.

Activity: A component within a fund; usually a specific line of work performed to accomplish a function for which a governmental unit is responsible.

Appropriation: An authorization from a specific fund to a specific program to make expenditures/incur obligations for a specified purpose and period of time. The budget contains many appropriations or items. These appropriations are limited to one year, unless otherwise specified.

Base Budget: This year's base budget represents the prior year approved budget plus mandated cost adjustments such as across-the-board salary increases (MOU), retirement costs, risk management liabilities, and previous year's mid-year Board approved costs.

Board Approved Adjustments: The Board Approved Adjustments reflect the anticipated costs of carrying out the current level of service or activities as authorized by the Board of Supervisors in the current year. It may include an adjustment for cost increases, but does not include changes in level of service over that authorized by the Board of Supervisors.

Budgeted Staffing: The number of equivalent positions funded in the budget unit. Also referred to as full-time equivalent (FTE).

Capital Project Funds: Capital Project Funds are used to account for financial resources designated for the acquisition or construction of major capital facilities other than those financed by Enterprise and Internal Service Funds.

Central Computer: Central Computer expense category is set up specifically to allocate the Information Services Department's computer charges to departments based on usage. These are countywide costs for computer infrastructure such as email, wide area network, payroll processing, and software/hardware staff support. Each department's Central Computer budget amount is estimated at the beginning of the fiscal year by the Information Services Department and is billed based on that estimate. Next year's budget (2005-06) will be adjusted based upon the actual usage in 2004-05.

Contingencies: An amount set aside within a budget for unforeseen expenditure requirements. Board action must be taken to spend contingency funds.

Costs to Maintain Current Program Services: All non-discretionary budget changes that are factored into the base budget: these include the cost of new mandates and negotiated salary increases. The Board of Supervisors approved these costs for the general fund in the County Administrative Office's financing plan.



COWCAP: COWCAP is an acronym for County Wide Cost Allocation Plan. It is the method by which indirect support costs for services such as Human Resources, Payroll, Purchasing, etc. are allocated to departments. It is prepared annually by the County Auditor/Controller-Recorder in accordance with the Office of Management and Budget, Budget Circular A-87, which is the guideline for state and federal reimbursements for indirect costs.

Department: An organizational device used by county management to group programs of a like nature.

Department Recommended Funded Adjustments: A proposal to change the level of service or funding sources authorized by the Board or to propose a new program funded through existing resources that is not currently authorized.

Depreciation: The recording of expiration in the service life of fixed assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence.

Discretionary Revenue: Revenue not legally designated for a specific purpose or program that can be appropriated at the discretion of the Board of Supervisors.

Employee Health & Productivity Program (EHaP): A modified duty/return to work program that utilizes specialized nurses to obtain effective and timely treatment for injured or ill employees. Overall goals are to return the employee to the workplace as soon as possible and to increase the health and productivity of employees through health promotion and risk reduction programs.

Encumbrance: An obligation placed on an appropriation to pay for goods or services that have been ordered by means of contracts, but not yet received. In other words, the money is tied up. Even though it has not been spent, it cannot be used for any other purpose.

Enterprise Funds: Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through operational revenues.

Expenditure: Generally, this term designates the amount of an appropriation used for goods and services, whether paid or unpaid, including expenses, and capital outlays where the accounts are kept on an accrual basis or a modified accrual basis. Where the accounts are kept on a cash basis, the term designates only actual cash disbursements.

Fiscal Year (FY): The County's twelve-month accounting period (July 1 through the following June 30), which varies from the calendar year and the federal fiscal year.

Fixed Asset: An asset of a long-term character such as land, buildings, furniture, and other equipment costing \$5,000 or more and having a useful life of one year or more.



Full-time Equivalent (FTE): The number of equivalent positions funded in the budget units. Also referred to as budgeted staffing.

Function: A group of related activities aimed at accomplishing a major service for which a governmental unit is responsible. This designation is specified by the State Controller. For example: "Public Protection" is the function of the Sheriff's Department.

Fund: A legal entity that provides for the segregation of moneys or other resources in the county treasury for specific activities or obligations in accordance with specific restrictions or limitations. A separate set of accounts must be maintained for each fund to show its assets, liabilities, reserves, and fund balance, as well as its income and expenditures. The assets of a fund may also be placed into separate accounts to provide for limitations on specific fund income or expenditures.

Fund Balance: The excess of assets over liabilities, including the cancellation of prior year encumbrances.

GASB 34: Governmental Accounting Standards Board (GASB), Statement 34 establishes new requirements for the annual financial reports of state and local governments. The goal is to make annual reports easier to understand and more useful to people who use governmental financial information to make decisions.

There are many components of GASB 34, but as it relates to the budget, it is primarily composed of how services provided between county budget units are accounted. GASB 34 specifies how payments for services should be accounted for (either as reimbursements or as revenues). While the net impact is zero, reclassifications between these two categories cause inconsistencies when comparing year-to-year budgets by specific expense or revenue categories. In situations where this impact is significant, the departments have included an explanation of the reclassification.

General Fund: The General Fund is the predominate fund for financing county programs. It is used to account for revenues that are not specifically designated to be accounted for by any other fund. The primary sources of revenue for the general fund are property taxes and other taxes, state and federal aid, current services, and other revenue. The general fund is used as the major funding source for the administrative/executive, economic development/public service, fiscal, human services system, internal services, and law and justice groups.

Impacts Due to State Budget Cuts: Reflects reductions in departmental local cost allocations to better position the county for the impacts caused by reductions at the state level. Most general fund departments receiving local cost were affected by the reductions; however, departmental mandated costs were exempted. For most departments, the reduction percentage was 9% of local cost, however, for various law and justice related departments the percentage reduction was 4%.

Internal Service Funds: Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit on a cost reimbursement basis.



Local Cost: Local cost is the amount contributed by the county general fund from its discretionary revenue sources to finance the activities of a department.

Memorandum of Understanding (MOU): For budget purposes, the MOU refers to an approved labor agreement between the county and an employee labor organization that details the salary, benefits, and other conditions of employment.

Mid-year Adjustments: Board approved changes to a department's budget after the adoption of the final budget.

Operating Transfers In/Out: A method of providing financing from one fund to another for the implementation of a project or program.

Other Charges: A category of accounts established for expenditures other than salaries and benefits, services and supplies, and fixed assets. Example: In Home Supportive Services.

Proposed Budget: The working document of the fiscal year under discussion. Approval of this document does not allow expenditures for fixed assets and for new permanent employee positions unless specifically approved by the Board of Supervisors.

Proposition 172: A permanent extension of a half-cent Local Public Safety Sales Tax approved by California voters on November 2, 1993. Proceeds of this sales tax must be dedicated to public safety.

Public Service Employee (PSE): PSEs are employees assigned to entry-level positions in a variety of fields and occupations for a limited duration. They are not full-time, regular county employees. PSEs are subject to an expedited recruiting process to accommodate additional workload or to handle one-time special projects. They do not receive the full range of benefits or have the civil service status of regular county employees.

Realignment Funding (Health & Welfare): In 1991-92 the state approved the Health & Welfare Realignment Program that involves a shift of program responsibilities from the state to the counties. This shift is funded through corresponding shift of dedicated Sales Tax and Vehicle License Fee revenue.

Reimbursements: Amount received as a repayment of the cost of work, or service performed, or of other expenditures made, for or on behalf of another governmental unit or department. Reimbursements represent the recovery of an expenditure and is considered a financing source.

Revenue: The addition of cash or other current assets to governmental funds (receipts) which do not increase any liability or reserve and do not represent the recovery of an expenditure, i.e., reimbursements. Generally, revenue is derived from taxes, licenses and fees or investment earnings. Revenues are deposited in a fund for future appropriation.



SB 90 State-Mandated Local Program: State reimbursements to local governments for the cost of activities required by State legislative and executive acts.

Special Revenue Funds: Special Revenue Funds account for the proceeds of specific sources of revenue whereby the use of such revenue is restricted by law for particular functions or activities of government.

Step Increases: An employee, based upon the completion of the required service hours in their classification, satisfactory work performance, and appointing authority recommendation, may receive step advancements. Step advancements/increases within the base salary range shall be based on two (2) step increments. Each increment is 2.5%.

Transfers: The movement of resources from one fund to another usually for payment of services received.

Unrestricted Net Assets: Net assets represent equity in capitalized assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt attributable to those assets. In other words, it is the difference between a government's assets and its liabilities.

